**Compilation Financial Report Engagement Letter**

**<Your name or your firm’s name/logo>**

**<Address and contact details>**

<date>

<client name>
<client address>
<client email>

Dear <client name>,

**Terms of Engagement – Compilation Engagement Service for <name of entity>**

Further to our discussions on <date>, <we are/I am> pleased to accept your appointment to prepare a financial report for <name of entity> for the reporting period ending <30 June 20XX>. This document sets out our terms of engagement. Any changes must be mutually agreed and confirmed in writing.

**Objective and Scope of the Compilation Engagement Service**

You have requested that <we/I> provide the following compilation engagement service.

On the basis of information that you will provide, <we/I> will assist you with the preparation and presentation of the following financial statements for <name of entity>: the statement of financial position as at <30 June 20XX>, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes. These will be prepared in accordance with the financial reporting framework/basis of accounting described in Note 1 to the financial statements.

The purpose for which the financial statements will be used is to provide financial information showing <name of entity’s> financial position at the financial reporting date of <30 June 20XX> and financial performance for the year then ended. The financial statements will be solely for your use and will not be distributed to other parties.

**<Our/My> Responsibilities**

A compilation engagement involves applying expertise in accounting and financial reporting to assist you in the preparation and presentation of financial information. Since a compilation engagement is not an assurance engagement, <we are/I am> not required to verify the reliability, accuracy or completeness of the information you provide to <us/me> for the compilation engagement, or otherwise to gather evidence to express an audit opinion or a review conclusion. Accordingly, <we/I> will not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the basis of accounting you have specified, as described above.

This engagement cannot be relied upon to disclose irregularities including fraud, other illegal acts and errors that may occur. However, <we/I> will inform you of such matters if they come to <our/my> attention.

<We/I> will perform the compilation engagement in accordance with APES 315 *Compilation of Financial Information* and APES 205 *Conformity with Accounting Standards*. APES 315 and APES 205 require that, in undertaking this engagement, <we/I> comply with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* *(including Independence Standards)*.

NOCLAR obligations

Pursuant to the Responding to Non-Compliance with Laws and Regulations (NOCLAR) requirements of APES 110, <we are/I am> required to report any non-compliance with laws and regulations or acts of omission or commission, intentional or unintentional by a client or by those charged with governance, by management or by other individuals working for or under the direction of a client which are contrary to the prevailing laws or regulations.

**Use of Consumer Data Right Data** (optional)

<We/I> acknowledge that you may consent for an Accredited Data Recipient under the Consumer Data Right (CDR) to disclose your CDR data to <us/me>. <We/I> confirm that for this purpose you may nominate <firm’s name/me> as your Trusted Adviser and that as a trusted adviser, <we/I> will only access the data necessary to provide the services in this engagement letter.

**Your Responsibilities**

The compilation engagement to be performed is conducted on the basis that you acknowledge and understand that <our/my> role is to assist you in the preparation and presentation of the financial statements in accordance with the financial reporting framework you have adopted for the financial statements. Accordingly, you have the following overall responsibilities that are fundamental to our undertaking the compilation engagement in accordance with APES 315:

(a) Responsibility for the form and content of the financial information in accordance with an applicable financial reporting framework that is acceptable in view of the intended use of the financial statements and the intended users.

(b) Responsibility for the reliability, accuracy and completeness of the accounting records and disclosures you provide to us for the purpose of compiling the financial statements and ensure you maintain adequate internal control systems to protect the financial information from misstatement, whether due to fraud or error.

(c) Responsibility for the judgements needed in the preparation and presentation of the financial statements, including those for which we may provide assistance in the course of the compilation engagement.

**<Our/My> Compilation Report**

As part of <our/my> engagement, <we/I> will issue <our/my> compilation report attached to the compiled financial statements, which will describe the financial statements, and the work we performed for the compilation engagement. The report will also note that the use of the financial statements is restricted to the purpose set out in this terms of engagement and that the use and distribution of <our/my> report is restricted to you, as the management of <name of entity>.

**Professional Fees and Payments**

All professional fees for the services provided will be based on the time and skill required to complete the tasks, including out of pocket expenses and statutory charges, unless otherwise agreed.

<Our/my> professional fees are (subject to written notification of changes):

Principal $ <amount> per hour

Accountant $ <amount> per hour

Secretarial $ <amount> per hour

For work undertaken for a period of less than an hour, the rate shall be charged in 6-minute blocks, or part thereof. All professional fees are GST inclusive.

**Estimated Fee**

Fees are based on reasonable estimates and the actual cost may vary. It is not always possible to provide an accurate estimate of the total cost, which may change due to unforeseeable problems and delays, the cooperation of third parties and deficiencies in documentation. If costs are likely to be significantly higher than originally estimated, <we/I> will provide an additional letter of engagement setting out the reasons for any likely increase.

The estimated fee for the services agreed is $<XXX>, GST inclusive.

**Terms of Payment**

Unless other terms have been agreed to, <our/my> terms are strictly 14 days from the date of invoice. <We/I> will provide an itemised account of professional fees, costs and disbursements upon request. If you do not pay your account by that date, <we/I> reserve the right to use a debt collection agency or any other legal means to recover any outstanding fees.

**Ownership of Documents**

The final documents which <we are/I am> specifically engaged to prepare, together with any other original documents given to <us/me>, shall remain your property. Documents brought into existence by <us/me> including general journals, working papers, the general ledger, and draft financial statements, remain <our/my> property at all times. However, <we/I> will always provide you with copies of any documents you require from time to time.

**Lien over Documents (optional)**

[Further guidance: refer "Lien over Client Documents” under Practice Management Tools on IPA's website: <https://www.publicaccountants.org.au/resources/templates>]

If permitted by law, <we/I> may exercise a lien over all materials or records in <our/my> possession to all engagements for you until outstanding fees and disbursements are paid in full.

**Quality Review**

As a member of the Institute of Public Accountants (IPA), <we are/I am> subject to the IPA’s Quality Review Program (QRP) mandated by the International Federation of Accountants (IFAC). QRP reviews assess member compliance with the professional and ethical standards and by accepting our engagement you acknowledge that, if requested by IPA, our files relating to this engagement may be made available for QRP review. Unless otherwise advised, you are consenting to your files being part of a QRP review.

**Professional Standards Scheme**

As a member of the IPA, <we are/I am> part of the IPA Professional Standards Scheme and <our/my> liability is limited by a Scheme approved under Professional Standards Legislation. For more information on the IPA Professional Standards Scheme or Professional Standards Schemes generally, please refer to: [www.psc.gov.au](http://www.psc.gov.au).

**Privacy**

<We/I> understand the importance of protecting the privacy of your personal information. In handling personal information, <we/I*>* comply with the *Privacy Act 1988* (Cth) (Privacy Act), as amended from time to time, and with the 13 Australian Privacy Principles in the Privacy Act and other applicable privacy-related legislation.

<We/I> collect, use, disclose and store your personal information in accordance with <our/my> privacy policy, a copy of which can be found on <our/my> website or otherwise made available to you upon request.

<We/I> may collect your personal information directly from you or your authorised representatives, from third parties where you have provided your consent, or where the collection of your personal information is permitted by law.

The types of personal information <we/I> collect includes <amend list to accurately reflect the personal information that is collected> general identification information such as names, occupation, and date of birth, contact details such as address, email address, and mobile phone number, government-issued identification numbers such as tax file numbers, financial information, and information regarding your superannuation and/or insurance arrangements.

Generally, <we/I> collect, use and disclose your personal information for the purposes of providing you with <description of services> services.

If you do not provide your personal information to <us/me>, this may affect <our/my> ability to assist you.

<We/I> may also use your personal information for the purpose of providing marketing information to you. Please let <us/me>know if you do not want this information to be sent to you.

To provide <our/my> <description of services> services, <we/I> may disclose your information to third parties engaged to perform administrative or other business management services. <insert if the optional Third Party Involvement clause below is being used, otherwise delete:> We may also disclose your personal information to third parties engaged to undertake specific processes, functions or activities and/or provide services for <us/me>.

Any disclosure is always on a confidential basis. <We/I> may also disclose your personal information if required or authorised by law.

<insert if personal information may be disclosed overseas, otherwise delete:> <We/I> may disclose personal information to overseas recipients in order to provide necessary <description of services> and for administrative or other business management purposes. Before disclosing any personal information to an overseas recipient, <we/I> take steps reasonable in the circumstances to ensure the overseas recipient complies with the Australian Privacy Principles or is bound by a substantially similar privacy scheme unless you consent to the overseas disclosure or it is otherwise required or permitted by law.

If you would like to access, or seek correction of, the personal information <we/I> collect and hold about you, or otherwise enquire or complain about our approach to privacy, please contact <our/my> privacy compliance officer on <telephone number> or at <email address>. <Our/my> privacy policy contains further information about these processes.

**Third Party Involvement (optional)**

At times <we/I> may outsource some of <our/my> work which involves <us/me> entering into an agreement with a third party to provide specific processes, functions, services or activities for <us/me>. If <we/I> decide to do this as part of performing the services for you, <we/I> will contact you first to seek your approval to engage other parties.

[Include the following paragraph only if you have outsourcing arrangements relevant to the client]

<We/I> have outsourcing arrangements with <insert name of third party> in <insert location of third party> whom <we/I> engage from time to time to assist <us/me>. The nature and extent of the services <we/I> utilise are <insert relevant activities>.

[Include the following paragraph only if you use cloud computing services relevant to the client]

In providing our services to you, <we/I> utilise cloud computing systems provided by <insert name of provider> which is based in <insert location of provider>. <Insert details of how confidential information of clients is stored – this could be by way of reference to a separate document or information on your website.>

This terms of engagement is a contract between you and <firm name/me>, and you agree that none of the third parties <we/I> use will have any liability to you and you will not bring any claim or proceedings of any nature in connection with this engagement against any third party that <we/I> may use to provide the services. This exclusion will not apply to any liability, claim or proceeding founded on an allegation of fraud or other liability that cannot be excluded under law.

Please contact <us/me> if you have any queries about this engagement. Please sign and return the confirmation of acceptance of this engagement.

<We/I> thank you for the opportunity to provide professional accounting services to both yourself and your business.

Yours faithfully

<Signature and detail panel with name and address of professional accountant engaging services*>*

**Client Acknowledgement and Confirmation**

<We/I> <Mr/Ms> <name>, as <Managing Director/Manager/Trustee/Partner> of <name of entity and address of entity>, hereby acknowledge and accept the terms of this engagement provided to us. We also undertake that we have the capacity to make this engagement (if on behalf of an entity).

<We/I> also agree that <we/I> shall be personally liable for all fees for services performed in accordance with these terms of engagement.

Signed

Print Name

Date

Signed

Print Name

Date